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LB 868

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised on 3/15/04 based on amendments adopted through 3/10/04.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2004-05		FY 2005-06	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB 868 changes the mandatory ages for compulsory education. Currently, children are required to attend school from age 7 through age 15. Beginning in the 2005-06 school year, children will be required to attend school if they will reach the age of 6 by January 1st of the current school year unless they are attending an alternative education program that will allow them to enter the first grade the following school year. Children also must attend through the age of 17 unless they have obtained a diploma, have completed an alternative education program or have reached the age of 16 and the parent or guardian has signed a waiver form.

It is assumed the bill will result in a one-time increase the number of children in kindergarten in the 2005-06 school year. The bill requires children who will turn age 6 by January 1st of the next year to start school in the current year. The State Department of Education does not have statewide data on the number of age-eligible children who delay entrance to kindergarten. However, the National Center for Education Statistics reports that about 9% of age-eligible kindergarten children postpone their entrance to kindergarten each year. Using this estimate it is assumed that up to 920 more children will enter kindergarten in the public schools in the fall of 2005 than would have in the absence of the bill. (This number is derived by taking half of the public school children in kindergarten in FY03 times 9%. Delayed entrance is assumed for only half of the number of kindergarten students because the bill still allows delayed entrance for half of the 5 year olds.)

The fiscal impact of additional children in kindergarten in 2005-06 will vary by school district depending upon whether the district can absorb additional students into existing classrooms without hiring teachers or expanding the number of classrooms. Due to a statewide decline in elementary membership in the last decade, this fiscal note assumes that most of the additional children will be absorbed into existing classrooms. It is assumed that very few, if any, new teachers will be hired to meet the one-time influx of additional students in kindergarten. There may be minimal additional expenses for school textbooks and materials for these students. If this is the case, then overall "need" in the state aid formula may minimally increase, two years later. The student count used in the state aid formula will increase one year later. These changes will result in a minimal shift in state aid between school districts to those districts that receive additional students, one year after the increase occurs, or in 2006-07. The 2007-08 computation of state aid will include any increased expenditures pursuant to the bill which will increase overall aid for school districts by a minimal amount.

According to the State of the Schools Report, approximately 2.9% of students dropped-out of school in the 2001-02 school year. The changes in the bill allow a child who is 16 years of age to drop-out if a parent or guardian signs a notarized waiver to such effect. It is assumed that the increase in the upper age limit for compulsory education and the provision requiring parental authorization for a student to drop-out, could slightly increase the number of children staying in school after age 15. Again, it is assumed that any minimal increase in attendance pursuant to the bill can be absorbed by school districts without additional staff and only minimal expenditures. The fiscal impact will primarily be a shift in state aid between districts to those districts that have increased attendance, one year after the increase in students occurs. A minimal amount of increased state aid may be provided in the second year, if expenditures are increased due to students staying in school longer.